

Message Text

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PAGE 01 BUCAR 05189 071540Z

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-04 CIAE-00 DODE-00 INR-05 NSAE-00

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FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 0819

INFO USDOC

AMEMBASSY BONN

AMEMBASSY MUNICH

AMEMBASSY VIENNA

LIMITED OFFICIAL USE BUCHAREST 5189

VIENNA FOR EWTC

E.O. 11652: N/A

TAGS: PINT SOCI ECON RO

SUBJ: FURTHER ARRESTS OF ROMANIAN AND FOREIGN BUSINESSMEN

REF: BUCHAREST 4958 (NOTAL)

1. ADDITIONAL ARRESTS, RESULTING FROM ALLEGED PROFIT-SKIMMING AND INDUSTRIAL ESPIONAGE, HAVE OCCURED IN LAST TWO MONTHS, INVOLVING TOTAL OF TWO AUSTRIAN BUSINESSMEN AND TWO ROMANIANS. AUSTRIAN EMBASSY, WHICH PASSED INFORMATION TO US, IS UPSET ABOUT RECENT HARSHER ATTITUDE OR ROMANIAN GOVERNMENT TOWARD FOREIGN BUSINESSMEN, AND VENTURED OPINION THAT NEWS WILL MAKE IT HARDER TO ATTRACT AUSTRIAN BUSINESSMEN TO ROMANIA.

2. FIRST INCIDENT INVOLVED JOINT ROMANIAN-AUSTRIAN COMPANY WHICH MARKETS METAL PRODUCTS PRODUCED AT RESITA AND EXPORTED TO AUSTRIA. AUSTRIAN REPRESENTATIVE AND HIS ROMANIAN PARTNER WERE CAUGHT SKIMMING ONE PERCENT OFF PROFITS. ROMANIAN WAS SENTENCED TO FIVE YEARS HARD LABOR FOR SPECULATING AGAINST STATE. AUSTRIAN
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PAGE 02 BUCAR 05189 071540Z

WAS HELD UNTIL PARENT COMPANY RELUCTANTLY AGREED TO PAY FINE AMOUNTING TO 17 TIMES AMOUNT EMBEZZLED. ACCORDING TO AUSTRIAN

EMBASSY, FIRM WAS BITTER ABOUT SIZE OF FINE AND SUBSEQUENTLY
WITHDREW FROM JOINT CORPORATION.

3. SECOND INCIDENT, STILL UNRESOLVED, LED TO ARREST OCTOBER 13
OF OSCAR MAUSCHITZ, REPRESENTATIVE OF OSTERREICH-AMERIKANISCHE
MAGNESIT CORP., WHOLLY-OWNED SUBSIDIARY OF GENERAL REFRACTORIES,
PHILADELPHIA. MAUSCHITZ WAS CHARGED WITH SEEKING TO UNDERMINE
ROMANIAN ECONOMY AND OBTAINING SECRET ECONOMIC INFORMATION WHEN
HE AND HIS ROMANIAN PARTNER, ALSO ARRESTED, CONDUCTED MARKET
SURVEY AMONG ROMANIAN END-USERS OF MAGNESIUM POWDER FOR HIGH-ALLOY
STEEL. ACCORDING TO AUSTRIAN EMBASSY, MAUSCHITZ WAS HELD INCOMMUN-
ICADO FOR SEVEN DAYS IN VIOLATION OF AUSTRIAN-ROMANIAN CONSULAR
TREATY. AUSTRIAN AMBASSADOR HAS MADE SEVERAL DEMARCHES, MOST
RECENTLY TO DEPUTY MINISTER OF FOREIGN AFFAIRS, AND IS HOPEFUL
MATTER CAN BE RESOLVED. COMPLICATING FACTOR IS THAT AUSTRIAN
PRESS HAS PUBLISHED DISTORTED VERSION OF AFFAIR OBTAINED FROM
MAUSCHITZ'S WIFE IN AUSTRIA, WHICH AUSTRIAN EMBASSY FEARS MAY
DELAY RESOLUTION.

BARNES

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